

Volinia Township  
(CASS)  
Financial Statements  
14-1140  
March 31, 2004

# AUDITING PROCEDURES REPORT

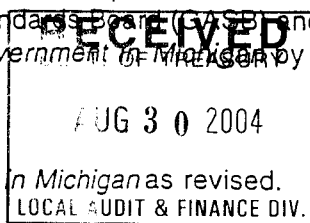
Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name VOLINIA TWP		County CASS
Audit Date 3-31-04	Opinion Date 7-29-04	Date Accountant Report Submitted to State: 8-27-04		

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.



We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- |   |   |
|---|---|
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).  |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).  |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).  |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) LOCEY CPA FIRM			
Street Address 67036 N M66	City STURGIS	State MI	ZIP 49091
Accountant Signature			

VOLINIA TOWNSHIP

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**David F. Locey, CPA, PC**

P.O. Box 7037  
67036 N. M-66  
Sturgis, MI 49091

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## INDEPENDENT AUDITOR'S REPORT

To the Township Board  
Township of Volinia Cass County  
Decatur, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Township of Volinia, Michigan, as of and for the year ended March 31, 2004, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Volinia, Michigan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

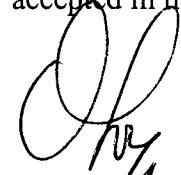
We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in the notes to the financial statements, management has not reported its financial statement under GASB 34 reporting format. As a result, no management discussion and analysis report, government wide statement of net assets, or government wide statement of activities is included. Management has not recorded certain general assets in governmental activities and, accordingly, has not recorded depreciation expense on those assets. Accounting principles generally accepted in the United States of America require that those general infrastructure assets be capitalized and depreciated, which would increase the assets and expenses of the governmental activities. The amount by which this departure would affect the assets and expenses of the governmental activities is not reasonably determinable.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United State of America, the financial position of the

governmental activities of the Township of Volinia, Michigan, as of March 31, 2004, and the changes in financial position thereof for the year then ended.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Volinia, Michigan as of March 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.



David F. Locey, CPA, PC  
Sturgis, Michigan  
July 29, 2004

Volinia Township - Cass County  
Combined Balance Sheet  
All Fund Types  
March 31, 2004

	Governmental Fund Types	Fiduciary Fund Types	Account Groups	Total (Memorandum Only)
	General	Trust and Agency	General Fixed Assets	Reporting Entity
<u>ASSETS</u>				
Cash	\$128,177	\$586	\$0	\$128,763
Receivables				0
Taxes and State	22,678	0	0	22,678
Fixed Assets, at Cost, No Allowance				0
For Depreciation	0	0	111,268	111,268
Prepaid Expenses	3,999	0	0	3,999
Total Assets	<u>\$154,854</u>	<u>\$586</u>	<u>\$111,268</u>	<u>\$266,708</u>
<u>LIABILITIES AND FUND EQUITY</u>				
Liabilities				
Accounts Payable	<u>\$1,557</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,557</u>
Total Liabilities	<u>1,557</u>	<u>0</u>	<u>0</u>	<u>1,557</u>
Fund Equity				
Reserved for				
Perpetual Care	0	586	0	586
Fire/Ambulance	(59,981)	0	0	(59,981)
Unreserved--Undesignated	213,278	0	0	213,278
Investment In General Fixed Assets	0	0	111,268	111,268
Total Fund Equity	<u>153,297</u>	<u>586</u>	<u>111,268</u>	<u>265,151</u>
Total Liabilities and Fund Equity	<u>\$154,854</u>	<u>\$586</u>	<u>\$111,268</u>	<u>\$266,708</u>

The Notes to Financial Statements are an integral part of this statement.

Volinia Township - Cass County  
Combined Statement of Revenues, Expenditures And Changes In Fund Balances - All  
Governmental Fund Types  
For the Year Ended March 31, 2004

	Governmental Funds	Total (Memorandum Only) Reporting Entity
	General	
Revenues		
Taxes	\$59,214	\$59,214
Licenses and Permits	12,221	12,221
State Grants	83,957	83,957
Charges for Services	4,063	4,063
Interest	784	784
Other Revenue	1,191	1,191
Total Revenues	<u>161,430</u>	<u>161,430</u>
Expenditures		
Current		
Legislative-Township Board	11,569	11,569
General Government	60,342	60,342
Public Safety	72,864	72,864
Public Works	27,660	27,660
Total Expenditures	<u>172,435</u>	<u>172,435</u>
Excess of Revenues Over (Under) Expenditures	<u>(11,005)</u>	<u>(11,005)</u>
Other Financing Sources (Uses)		
Operating Transfers In	0	0
Operating Transfers (Out)	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(11,005)	(11,005)
Net Assets - Beginning of the Year	<u>164,302</u>	<u>164,302</u>
Net Assets - End of the Year	<u><u>\$153,297</u></u>	<u><u>\$153,297</u></u>

The Notes to Financial Statements are an integral part of this statement.

Volinia Township - Cass County  
Statement of Revenues, Expenditures And Changes In Fund Balances - Budget and Actual  
General Fund  
For the Year Ended March 31, 2004

	GENERAL FUND		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$57,700	\$59,214	\$1,514
Licenses and Permits	4,795	12,221	7,426
State Grants	60,000	83,957	23,957
Charge for Services	3,600	4,063	463
Interest	375	784	409
Other Revenue	800	1,191	391
Total Revenue	127,270	161,430	34,160
Expenditures			
Legislative	11,700	11,569	131
General Government	84,044	60,342	23,702
Public Safety	85,132	72,864	12,268
Public Works	35,095	27,660	7,435
Total Expenditures	215,971	172,435	43,536
Excess of Revenues Over (Under) Expenditures	(88,701)	(11,005)	77,696
Other Financing Sources (Uses)			
Operating Transfers In	0	0	0
Operating Transfers (Out)	0	0	0
Total Other Financing Sources (Uses)	0	0	0
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(88,701)	(11,005)	77,696
Net Assets - Beginning of the Year	164,302	164,302	0
Net Assets - End of the Year	\$75,601	\$153,297	\$77,696

The Notes to Financial Statements are an integral part of this statement.



Volinia Township - Cass County  
Statement of Revenues, Expenditures and Changes In Fund Balances - Nonexpendable Trust Fund  
For the Year Ended March 31, 2004

	FIDUCIARY FUND TYPE Non- Expendable Cemetery Trust
Nonoperating Revenues	
Interest Earned on Investments	\$13
Total Nonoperating Revenues	13
Nonoperating Income (Loss)	13
Nonoperating Revenues (Expenses)	
Transfers In (Out)	(13)
Total Nonoperating Revenues (Expenses)	(13)
Net Income	0
Net Assets - Beginning of the Year	586
Net Assets - End of the Year	\$586

Volinia Township - Cass County  
Statement of Cash Flows  
Nonexpendable Trust Fund  
For the Year Ended March 31, 2004

	FIDUCIARY FUND TYPE
	Non- Expendable Cemetery Trust
Cash Flows From Noncapital Financing Activities	
Transfers In (Out)	(\$13)
Net Cash Provided by Noncapital Financing Activities	(13)
Cash Flows From Investing Activities	
Interest on Investments	13
Net Cash Provided by Investing Activities	13
Net Increase (Decrease) in Cash and Cash Equivalents	0
Cash and Cash Equivalents at Beginning of Year	586
Cash and Cash Equivalents at End of Year	\$586

The Notes to Financial Statements are an integral part of this statement.

Volinia Township - Cass County  
Notes to Financial Statements  
For the Year Ended March 31, 2004

**SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES**

Volinia Township is located in Cass County and provides services in many areas including public safety, highways and streets, and general administrative services. The Township is governed by a five member board elected by the citizens of Volinia Township. The board consists of the supervisor, clerk, treasurer and two trustees who reside in the community.

**PRINCIPLES USED IN DETERMINING THE SCOPE OF ENTITY FOR FINANCIAL REPORTING PURPOSES**

**REPORTING ENTITY**

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity", these financial statements present the Township (the primary government) and its component units (none). The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency and whether the financial statements would be misleading, if data were not included.

**BASIS OF PRESENTATION**

**FUND ACCOUNTING**

The accounts of the Township are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

**GOVERNMENTAL FUND TYPES**

General Fund - This fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund. Revenues are derived primarily from property taxes, State revenue sharing distributions, and permits.

**FIDUCIARY FUND TYPES**

Trust and Agency Funds - Used to account for the assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement or results of operations.

Volinia Township, Cass County  
Notes to Financial Statements - Continued  
For the Year Ended March 31, 2004

**SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES**

**GENERAL FIXED ASSETS ACCOUNT GROUP**

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in general fixed assets account group, rather than in governmental funds. Assets are stated at cost at the date of original acquisition. No depreciation is recorded for these general fixed assets.

**BASIS OF ACCOUNTING**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

**GOVERNMENTAL FUNDS**

All governmental funds utilize the modified accrual basis of accounting which provides that revenues be recorded when they become both measurable and available to finance expenditures of the fiscal period. Expenditures are recorded when the related liability is incurred.

**FIDUCIARY FUNDS**

The fiduciary funds are maintained on a cash basis which is consistent with the accounting measurement objectives of the funds. Reporting these funds on a cash basis does not have an effect materially different from reporting them on the accrual or modified accrual basis as required by generally accepted accounting principles.

Nonexpendable trust funds use the full accrual basis of accounting. Revenue and other sources are recognized in the accounting period in which they become susceptible to accrual, that is when they become both measurable and available to finance expenditures of the fiscal period. Expenditures are recognized when the related liability is incurred.

Volinia Township, Cass County  
Notes to Financial Statements - Continued  
For the Year Ended March 31, 2004

**SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES**

**BUDGETS AND BUDGETARY ACCOUNTING**

The annual budget is prepared by the Township Board and adopted by the Township Board at the annual public hearing. All subsequent amendments to the budget are approved by the Township Board. The General Fund is under formal budgetary control. The budget has been prepared in accordance with generally accepted accounting principles. The budget has been adopted on an activity basis.

All encumbrances lapse at the end of each fiscal year.

Budgeted revenues and expenditures include any authorized amendments to the original budget as adopted.

Public Act 621 of 1978, Section 18 (1), as amended, requires the adoption of a balanced budget for the General Fund, as well as budget amendments as needed to prevent actual expenditures from exceeding those amounts appropriated.

No expenditures exceeded appropriate amounts.

**REVENUE RECOGNITION - PROPERTY TAX REVENUE RECOGNITION**

The Township's 2003 ad valorem tax is levied and collectible on December 1, 2003, based on the assessments made the previous December 31. It is the Township's policy to recognize revenues from the current tax levy in the current year when the proceeds of this levy are budgeted and made available for financing of the Township operations. Property taxes are recognized when levied since the County purchases the delinquent taxes each year. The taxable value of the Township was \$44,981,500 for 2003.

**TOTAL COLUMN ON COMBINED STATEMENTS -- OVERVIEW**

The total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position, in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation because interfund elimination's have not been made in the aggregation of this data.

Volinia Township, Cass County  
Notes to Financial Statements - Cass County  
For the Year Ended March 31, 2004

**SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES**

**CASH AND CASH EQUIVALENTS**

Deposits are carried at cost. Deposits of the Township are at one bank in the name of Volinia Township. Michigan compiled Laws (MCL), Section 129.91, authorizes a local unit to deposit and invest in the accounts of Federally insured banks, credit unions and savings and loan associations; bonds securities, and other obligations of the United States, or an agency or instrumentality of the United States in which the principal and interest is fully guaranteed by the United States, including securities issued or guaranteed by the Government National Mortgage Association; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan; and commercial paper rated by two standard rating agencies within the three highest classifications, which matures not more than 270 days after the date of purchase, and which involves no more than 50 percent of any one fund. Michigan law prohibits security in the form of collateral, surety bonds, or other forms for the deposit of public money. Attorney General's Opinion No. 6168 states that public funds may not be deposited in financial institutions located in states other than Michigan.

The Governmental Accounting Standards Board (GASB) Statement No. 3, risk disclosures for the Township's cash deposits are as follows:

	<u>Reporting Unit</u>
<u>Deposits</u>	<u>Carrying Amount</u>
Insured (FDIC)	\$100,000
Uninsured	28,177
Total Deposits	<u>\$128,177</u>

Cash equivalents are money market accounts with maturity of 90 days or less - because of liquidity they are considered the same as cash.

**USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Volinia Township, Cass County  
Notes to Financial Statements - Continued  
For the Year Ended March 31, 2004

**RISK MANAGEMENT**

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries. The Township has participated in the Michigan township Participating Plan (MTPP) since January 1, 1987. The plan covers general liability, non-owned/hired automobile liability, errors and omissions, property damage, and inland marine. Settled claims for the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The MTPP was created pursuant to the authority of a: Article 7, Section 28, Michigan Constitution of 1963; b) Section 1, Chapter 124, Michigan Compiled Laws (PA No. 35, 1951, as amended by PA No. 138, 1982). The Township voted unanimously to enter into this cooperative action agreement October 2, 1986 and have continued their membership since.

The Michigan Township Participating Plan was established April 1, 1985, pursuant to laws of the State of Michigan which authorize local units of government to exercise jointly any power, privilege or authority which each might exercise separately. The purpose of the plan is to jointly exercise powers common to each participating member; to establish and administer a risk management program; to prevent or lessen the incidence and severity of casualty losses occurring in the operation of its members; and to defend and protect, in accordance with this agreement, any member of the authority against liability or loss. The powers and duties created hereunder and the described activities of the plan are not intended to constitute the issuance of a policy of insurance. The members intend, in the creation of the plan, to establish an organization for joint risk management and have not created as between member and member any relationship for the debts of or claims against any member.

The MTPP, while it operates under the Michigan Legislation of PA 138, does not operate as a risk pool due to a total transfer of risk to reinsurance companies backing the Participating Plan. Due to this reinsurance purchase, there is no pooling of risk between members. The plan has protected itself by purchasing reinsurance. Participating Plan chose to adopt the forms and endorsements of conventional insurance protection and to reinsure these coverage's 100 percent, rather than utilize a risk pool of member funds to pay individual and collective losses up to a given retention, and then have reinsurance above that retention amount.

The Plan has reinsured 100 percent of its loss reserves and consequently has not reflected a liability for loss reserves on its balance sheet. In July 1992, the Plan entered into a negotiated settlement with Governmental Casualty Insurance Company (GCIC) and agreed to execute a commutation agreement whereby liability for all risks assumed by GCIC under their reinsurance agreements with the plan would be commuted back to the Plan. The Plan entered into a similar agreement with American Commercial Liability Insurance Company.

Volinia Township, Cass County  
Notes to Financial Statements - Continued  
For the Year Ended March 31, 2004

Based on actuarial study performed by William M. Mercer, Inc., the MTPP had the following open case reserves and IBNR reserves at June 30, 1996 under these commutation agreements:

Case Loss Reserves	IBNR Reserves	Total Reserves
\$313,550	\$31,252	\$344,802

At June 30, 1996, the Plan has reinsurance limits in the amount of \$693,119 to cover the reserves.

The plan has continued to use the services of Integrated Runoff Insurance Services Corporation (IRISC) to assist in formalizing loss reserve standards and in settling loss and loss adjustment expense reserves. IRISC has maintained its philosophy that the potential for governmental immunity should be ignored when setting case reserves, even though trends continue to indicate that average cases close for substantially less than the reserve estimates.

#### **POST EMPLOYMENT BENEFITS**

The Township participates in a money purchase pension plan, this defined contribution plan of which the employer pays 10% of the employees annual compensation and the employed pays 0%. The plan administrator is Municipal Retirement Systems out of Waterford, Michigan. There are no vesting requirements and no exclusions of compensation. An Eligible employee shall become a participant as of the first day of the plan year on the next following date on which he or she meets the requirements. During the current year \$2,660 was the contribution funded by the Township for the participating employees.

#### **COMMITMENTS AND CONTINGENCIES**

Management of the Township is not aware of any material commitments or contingent liabilities.

#### **FIXED ASSETS**

A summary of changes in general fixed assets follows:

	Balance 04/01/2003	Additions	Deletions	Balance 03/31/2004
Equipment & Buildings	\$109,173	\$2,095	\$0	\$111,268
Total	<u>\$109,173</u>	<u>\$2,095</u>	<u>\$0</u>	<u>\$111,268</u>

#### **GASB 34 REPORTING FINANCIAL**

Township has elected not to convert to GASB 34 format, therefore assets owned by the Township such as building and equipment are not stated at current values as of 03/31/04, also no current charge is being recorded for current year depreciation. Accordingly the Management and Discussion Analysis Letter, Statement of Net Assets, and Statement of Activities are not included per GASB 34 format.



Volinia Township - Cass County  
Statement of Revenues And Other Financing Sources Budget And Actual - General Fund  
For the Year Ended March 31, 2004

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property Taxes			
Current Property Taxes	\$51,000	\$52,461	\$1,461
Property Tax Administration Fee	6,700	6,753	53
Total Property Taxes	57,700	59,214	1,514
Licenses and Permits			
Building Permits	4,795	12,221	7,426
Total Licenses and Permits	4,795	12,221	7,426
State Aid	60,000	83,957	23,957
Total State Aid	60,000	83,957	23,957
Charge for Services			
Landfill	1,000	1,193	193
Burial Fees	2,500	2,470	(30)
Lot Sales	100	400	300
Total Charge for Services	3,600	4,063	463
Interest	375	784	409
Total Interest	375	784	409
Other Revenue			
Rent	300	325	25
Miscellaneous - Other Revenue	500	866	366
Total Other Revenue	800	1,191	391
Total Revenue	127,270	161,430	34,160
Other Financing Sources			
Operating Transfers In	0	0	0
Total Other Financing Sources	0	0	0
Total Revenue and Other Financing Sources	\$127,270	\$161,430	\$34,160

The Notes to Financial Statements are an integral part of this statement.

Volinia Township - Cass County  
Statement of Expenditures Budget And Actual - General Fund  
For the Year Ended March 31, 2004

	Budget	Actual	Variance Favorable (Unfavorable)
Legislative			
Township Board	\$11,700	\$11,569	\$131
Total Legislative	11,700	11,569	131
General Government			
Supervisor	7,417	6,703	714
Assessor	18,995	14,766	4,229
Township Hall	13,600	2,414✓	11,186
Clerk	10,287	7,499	2,788
Board of Review	1,360	1,019✓	341
Treasurer	12,425	10,681	1,744
Cemetery	18,260	16,920✓	1,340
Zoning Board of Appeals	960	340✓	620
Election	740	0	740
Total General Government	84,044	60,342	23,702
Public Safety			
Fire Protection/Ambulance	51,062	50,963	99
Inspection Services	7,400	11,347	(3,947)
Planning Commission Board of Appeals	26,670	10,554	16,116
Total Public Safety	85,132	72,864✓	12,268
Public Works			
Roads	28,070	21,130	6,940
Landfill	7,025	6,530	495
Total Public Works	35,095	27,660	7,435
Total Expenditures	\$215,971	\$172,435	\$43,536

The Notes to Financial Statements are an integral part of this statement.

Volinia Township - Cass County  
Combining Balance Sheet - Trust and Agency Funds  
March 31, 2004

	AGENCY FUND	TRUST FUND	
	Tax Collection	Non Expendable Cemetery	Total
<u>ASSETS</u>			
Cash and Interest Bearing Deposits	\$0	\$586	\$586
Total Assets	<u>\$0</u>	<u>\$586</u>	<u>\$586</u>
 <u>LIABILITIES AND FUND EQUITY</u>			
Liabilities	\$0	\$0	\$0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Fund Equity			
Reserve for Perpetual Care	0	586	586
Total Fund Equity	<u>0</u>	<u>586</u>	<u>586</u>
Total Liabilities and Fund Equity	<u>\$0</u>	<u>\$586</u>	<u>\$586</u>

Volinia Township - Cass County  
Combining Statement Of Changes In Assets And Liabilities - All Agency Funds  
For the Year Ended March 31, 2004

TAX COLLECTION FUND

	<u>April 1, 2003</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>March 31, 2004</u>
Assets				
Cash	<u>\$0</u>	<u>\$626,770</u>	<u>\$626,770</u>	<u>\$0</u>
Total Assets	<u><u>\$0</u></u>	<u><u>\$626,770</u></u>	<u><u>\$626,770</u></u>	<u><u>\$0</u></u>
Liabilities				
	<u>\$0</u>	<u>\$626,770</u>	<u>\$626,770</u>	<u>\$0</u>
Total Liabilities	<u><u>\$0</u></u>	<u><u>\$626,770</u></u>	<u><u>\$626,770</u></u>	<u><u>\$0</u></u>

Volinia Township - Cass County  
General Fixed Assets  
March 31, 2004

Balance - April 1, 2003

Land	\$5
Buildings	88,394
Office equipment	<u>20,774</u>

Total	109,173
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Additions (Deletions)

Land	
Building	
Office equipment	<u>2,095</u>

Total	2,095
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Balance - March 31, 2004

Land	5
Building	88,394
Office equipment	<u>22,869</u>

Total	<u><u>\$111,268</u></u>
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Phone (616) 651-4225  
Fax (616) 651-1989

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Volinia Township Board  
Decatur, Michigan

We have audited the general purpose financial statements of the Township of Volinia, as of and for the year ended March 31, 2004, and have issued our report thereon dated July 29, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township of Volinia's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contract and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township of Volinia's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a

relatively low level risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, Township Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

DAVID F. LOCEY, C.P.A., P.C.

A handwritten signature in black ink, appearing to read 'D. Lochey', is written over the printed name.

Sturgis, Michigan  
July 29, 2004

**David F. Locey, CPA,**

P.O. Box 7037  
67036 N. M-66  
Sturgis, MI 49091

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(269)-651-4225 Phone  
(269)-651-1989 Fax

August 9, 2004

Supervisor's Board  
Volinia Township

Dear Township Board:

We would like to thank the board for giving us the opportunity to audit the Township's records for the year ended March 31, 2004. Volinia Township's records were in excellent condition. Because of the excellent record keeping, we have no recommendations at the present time.

Again, thank you for allowing us to perform the audit of your records and we look forward to working with you in the future.

Sincerely,

DAVID F. LOCEY, C.P.A., P.C.



David F. Locey, C.P.A.

DFL/jds